

# Bricks-n-Books

Teaching Skills That Build Lives!

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## Urban League of Northwest Indiana Bricks-n-Books Project

*DRAFT!*

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## 1. Executive Summary

The Bricks-n-Books Project is a combination pre-apprenticeship/home improvement service program designed to address the needs of two separate and distinct markets, at-risk youths and low-income homeowners.

The pre-apprenticeship component of the program serves eligible at-risk young people ages 16 to 24. The program allows participants to work toward their General Education Development (GED) credential while providing instruction in occupational skills in home construction. The home improvement services component employs the pre-apprenticeship participants in the performance of home improvement activities for low-income homeowners. The results of this program include: (a) compensation for pre-apprenticeship participants, (b) low-cost improved home health for the homeowners, (c) a sustainable social enterprise for the sponsoring organization, and (d) an effective social investment for the community and supporting organizations.

Urban League of Northwest Indiana (ULNWI) proposes to use the funds available through the National Urban League (NUL) Economic Opportunity Institute and other potential public and private grants and donations to deploy the Bricks-n-Books Project in Gary, Indiana. Founded in 1906 by the U.S. Steel Corporation as the home of a new plant, Gary's fortunes have risen and fallen with those of the steel industry that created it. While not unique among the nation's cities in suffering from the demise of a formerly strong U.S. manufacturing industry, Gary's downward spiral of decline since the 1960s has been among the worst experienced by one of America's once proud urban centers.

As of the 2000 U.S. Census, Gary had the highest percentage of African-American residents of any U.S. city larger than 100,000. Since then Gary's population has dropped under 100,000 as people who can leave continue to flee from the city's depressed economy and dilapidated, crime-riddled neighborhoods. A third of the city's residents live in poverty, and the high school dropout rate in 2005 was nearly 25 percent. Especially troubling is that 45 percent of the households headed by a single woman currently live below the poverty level, as well as the continuing decay of more than 30,000 low-income homes in the community.

The ULNWI's decades of success in serving Gary's residents have depended on strong relationships with elected officials, local businesses, and other community-based organizations. Key partners for the Bricks-n-Books Project for Gary Youth include the Gary Community School Corporation, IVY Technology Community College, the Gary Career Center, the Indiana Plan, and the Construction Advancement Foundation, local union offices, and the Group Construction. The offices of Mayor Rudy Clay and U.S. senate and congressional officials representing Indiana have pledged strong support.

In the first year, ULNWI proposes to enroll 30 students in the project at a total cost of \$675,000, with increases in enrollment in the second year to 60 and in the third to 90 participants.

## **2. Business Description**

The Urban League of Northwest Indiana (ULNWI) is a 501 (c) (3) tax-exempt, non-profit organization. Established in 1945, the ULNWI is an affiliate of the National Urban League (NUL), the nation's oldest and largest community-based movement working to improve the educational and economic opportunities of urban communities.

With this business plan, the ULNWI proposes to deploy in Gary, Indiana, the Bricks-n-Books Project, a national youth and community development project that simultaneously addresses several core issues facing low-income urban communities: inadequate housing, low educational attainment, unemployment, high crime rates, and a dearth of community-based leadership. The National Bricks-n-Books Project has been developed by Urban Education Solutions, a limited liability company in Tucson, Arizona.

### **2.1. Organizational Mission**

The Urban League of Northwest Indiana's primary mission is to "empower communities and change lives." We believe that the Bricks-n-Books Project, whose mission is to "teach skills that build lives," will allow us to further contribute to improving the social and economic well-being of the core urban neighborhoods of Gary, Indiana. The project also has the potential to provide a sustainable income for the organization.

### **2.2. Services Description**

The Bricks-n-Books Project is a pre-apprenticeship program designed to serve eligible at-risk youth ages 16 to 24, who are working toward their General Education Development (GED) credential, while gaining on-the-job training in home construction and repair. The project also provides a strong emphasis on life skills, leadership development, and community service. The Bricks-n-Books Project also provides a social enterprise venture, a home improvement service, which employs participants enrolled in the education program as part of their on-site instruction requirement. Blending these two components provides participants with real-world experiences, while serving the needs customers paying for cost-effective home improvement services.

#### **2.2.1. Educational Services**

The educational component is the primary focus of the Bricks-n-Books Project. At an average cost of \$22,500 per participant, each participant will be exposed to 40 hours a week of instruction for up to 12 months, as follows:

1. 20 hours weekly of occupational skills instruction in home construction, provided both in a classroom setting as well as on-site through our home improvement services organization. Participants will be paid minimum wage of \$7.25 per hour when working on a job site.
2. 16 hours weekly of in-class GED instruction. Participants will receive a stipend of \$500 per month for this part of the education program.

3. 4 hours of leadership development per week in community service, leadership development, and life-skills instruction. Participants will receive no remuneration for this part of their program.

**Educational Instruction Overview** – See Appendix for detailed program descriptions.

1. **GED Instruction:** Graduates of the program will earn a GED credential, using curriculum approved by the Gary Community School Corporation. The project will employ only state certified teachers.
2. **Occupational Skills Training and Instruction:** In-class instruction will be provided by instructors who are state and industry certified. Instruction provided will include such courses as general safety-OSHA, hand and power tools of the trade, building materials, specifications and blueprints, forms and foundations, floor and wall framing, basic wiring, plumbing basics, interior and exterior finishing, and wiring and plumbing finishing. On-site construction training will coincide with the home improvement services offered by the project to the community.
3. **Leadership Development:** Leadership development will include volunteer community services activities in which participants get involved in community affairs. Additionally, as a supplement to these volunteer activities, professional services specializing in team building, crisis management and life skills will be engaged on a regularly scheduled basis.

### 2.2.2. Home Improvement Services Business

As part of their 20 hours of weekly occupational skills training, all participants enrolled in the Bricks-n-Books Project are automatically enrolled in Bricks-n-Books Home Improvement Services. During this time, participants will work on revenue-generating activities for which they earn minimum wage and gain not only valuable vocational skills, but also life-changing confidence and know-how necessary to achieve their future goals. Current functions include:

1. **Pre-Apprenticeship Labor Pool** – for a fee of \$13 to \$15 per hour local contractors can hire Bricks-n-Books participants. This service will be available in the first year.
2. **Home Improvement Services** – available in the second year of operation, making use of the available labor pool, this will be a licensed and insured service that will charge competitive fees for the services rendered. The service offered will include:
  - o **Handyman Services** - performing simple tasks such as minor drywall repair, painting, furniture moving, and basic maintenance repair for local apartment complexes and homeowners.
  - o **Home Improvement Services** - performing a wide range of related tasks, including exterior projects, such as siding, gutters, or window replacement, and interior tasks, such as turning basements into recreation rooms or attics into spare bedrooms. We estimate that the

average fees charged for these services will average \$10,000 per home improvement contract.

**Note** ... Because of labor laws, as well as business liability insurance concerns for both ULNWI and prospective hiring contractors, any and all participants under the age of 18 must obtain permission to work from the State before being placed on any job.

### 2.3. Objectives of Social Venture

ULNWI has three primary objectives in deploying the Bricks-n-Books Project:

1. Initially offer 30 at-risk Gary-area youths with an opportunity to improve their life circumstances through an academic and vocational training program. While we plan to instruct 30 young men and women, we feel that success will be achieved if 80 percent (twenty-four) of the participants complete the program.
2. Contribute to the healthy conditioning of low-income homes in the city and surrounding communities.
3. Contribute to the social well-being of the entire community through the reduction of costs placed on the social systems from young people with low educational attainment and are either unemployed or employed in jobs with little or no upward mobility.

### 2.4. Keys to Success

The keys to the success of Bricks-n-Books lie in three distinct areas:

1. **Unique Concept** – While the Bricks-n-Books Project is similar to other pre-apprenticeship programs, it goes a step further in bringing at-risk youths and low-income homeowners together for mutual benefit. Low-income homeowners with homes in need of repair can receive those repairs cost-effectively, while contributing to the improved life and economic conditions of at-risk youths.
2. **Program Financing** – The Bricks-n-Books concept is new and unique. While, initial funding will be necessary from public and private sources, we estimate that as our home improvement service gains popularity, our dependence on external funding will diminish significantly if not entirely.
3. **Strategic Partnerships** – ULNWI has taken a proactive approach to developing partnerships with vendors in the community who are already well-known for providing high-quality products at fair prices and who have demonstrated their commitment to the local community. Many vendors have already expressed their intent to provide ULNWI with their products and services at prices below their typical wholesale prices.

## **2.5. Competitive Comparison**

The following represents an assessment of our competitors:

- Community colleges - in most communities a community college offers a wide range of academic courses and vocational training, including those associated with construction.
- Vocational schools - like community colleges, vocational schools offering skills training can be found in many cities and states.
- Trade unions – these organizations offer apprenticeship programs specific to their trade (i.e., electrical, plumbing, carpentry). There are several reasons for union involvement in the educational process, including the need to continue the craft as well as recruit new dues-paying members.
- Independent organizations - such as YouthBuild, our closest competitor-type. Beginning in 1978 in New York City, YouthBuild reportedly has taught the construction trades to some 60,000 youths in 240 cities nationwide. They, like us, offer construction trades skills training to at-risk youths 16 to 24 years of age.

### **Our strength**

Our greatest strength is our self-sustaining revenue generating home improvement component; a natural fit for our education component. Participants are exposed to a real-world environment in which to hone their vocational skills, while being compensated, resulting in a reduced dependency on social systems. Also, while there are many other home improvement services, few are set up to serve the socioeconomic needs of its community. Because of our structure and mission, the following are also counted as our strengths:

1. Able to leverage our status by tapping into the community for contributions to the projects we pursue,
2. Not structured for profitability but for sustainability and can, thereby, offer our services for less,
3. Already recognized in the community as interested in the social, economic and educational well-being of our fellow citizenry,
4. Offer teaming arrangement to larger home service organizations, like Home Depot, which will result in a furthering of the mutual interests of both organizations as well as the community as a whole.

## **2.6. Sales Literature**

The initial literature created by ULNWI for the Bricks-n-Books Project will include:

1. A flyer that will provide an overview of Bricks-n-Books Project, including and services provided and contact information. Will be distributed to targeted market segments as a mass mailing.

2. A brochure that will provide a more in-depth description of Bricks-n-Books, our services, and our commitment in the community. For distribution at meetings with potential customers, supporters, and partners.

### 3. Industry and Market Analysis

The Bricks-n-Books Project has a dual industry focus: a pre-apprenticeship education program and a home improvement service. (See Supporting Data for more details)

**Pre-apprenticeship Education** - Pre-apprenticeship programs have long been viewed as a great way to start exploring careers in construction. These programs offer an overview of each trade, the qualifications and skills needed for each trade and on-the-job training and related instruction. The programs also offer career-entry advice and emphasize the importance of succeeding in school and in the workforce. While pre-apprenticeship does not guarantee a job, union apprenticeship coordinators know pre-apprenticeship graduates have a higher rate of success in apprenticeship programs and many graduates get placed when the training is over — if not before!

**Home Improvement Service** - Home improvement or home renovation is the process of renovating or repairing a home. Often, a professional handyperson is hired to perform the improvements, but, typically, most improvements are done on an amateur do-it-yourself basis by the homeowner. There are several types of companies that contribute to the booming renovation and repair industry, including product suppliers and service providers.

Home or residential renovation and repair is a \$300 billion industry in the United States, and a \$48 billion industry in Canada. The average cost per project is \$3,000 in the United States and \$11,000 - \$15,000 in Canada.

#### Demographics

The Bricks-n-Books Project is being deployed in Gary, Indiana, a market that, because of its low socioeconomic status, has the potential for success and a high rate of social return (See paragraph 7.9). We are targeting a relatively sizable population of at-risk youths, which is projected to increase by at least 15 percent during the next five years. We also are responding to the market need produced by the decrease in new home builds, which, combined with the aging of existing homes, has created a high demand for home improvement services. We are starting from a solid foundation, with close to 3,500 eligible at-risk youths and more than 15,000 low-income homes, many owned by senior citizens with enough equity in their homes to qualify for reverse mortgages (See Supporting Data for more details).

#### 3.1. Market Segmentation

The Bricks-n-Books Project is designed to address the needs of two separate and distinct market segments that will benefit from the services offered. These market segments are at-risk youths and low-income homeowners.

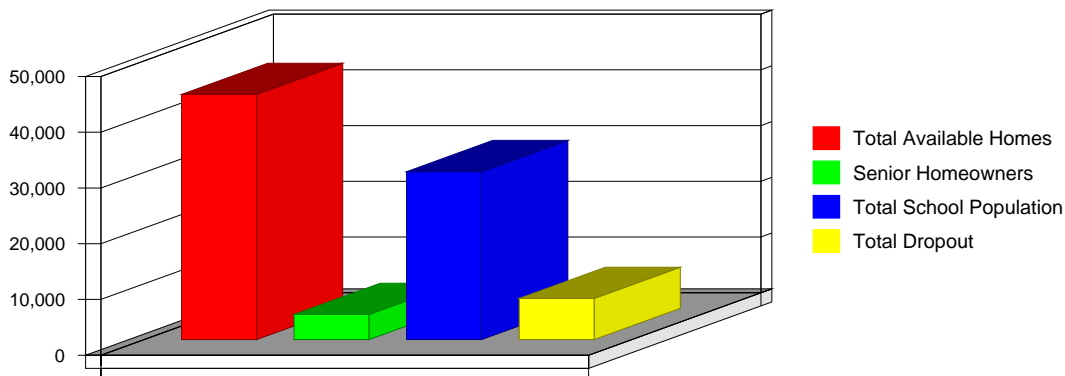
**At-Risk Youths** - ULNWI's primary target market is the at-risk youth population of about 25,000, in Lake County, Indiana. More than 7,383 of these youths have already dropped out of high school, while another 15% are estimated to do so in the coming year.

ULNWI will focus on marketing its pre-apprenticeship training to the approximately 40% of those who have already dropped out and who have yet to commit a crime that would prevent them from participating in the program. Of these, ULNWI believes that it will be able to enroll the 30 participants, with a sizable number being placed on a wait list. ULNWI further believes that it will be able to increase its enrollment to easily accommodate 90 to 120 of new participants over the next three years.

**Low-Income Homes** – ULNWI’s secondary target market is the low-income homeowners in Lake County, Indiana. In Gary city alone, there are currently about 44,000 homes, of which more than 65% (28,600) are consider low income. Over a third of these (9,524) are owned by senior citizens. Some without the financial means to readily affect the repairs needed to make their homes healthy. We believe, however, that some of those over the age of 62 may have enough equity in their homes to qualify for reverse mortgages. Therefore, ULNWI will focus on this market segment and, while promoting the project to the entire community, will specifically target seniors interested in taking advantage of the reverse mortgage program. Of all the homes serviced in the first year, ULNWI expects that at least 10% will those owned by seniors with this capability.

<i>Market Analysis</i>							
	Growth	2008	2009	2010	2011	2012	CAGR
<b>Potential Customers</b>							
<b>Total Available Homes</b>	0%	44,000	44,000	44,000	44,000	44,000	0.00%
<b>Senior Homeowners</b>	10%	4,503	4,953	5,448	5,993	6,592	10.00%
<b>Total School Population</b>	5%	30,133	31,640	33,222	34,883	36,627	5.00%
<b>Total Dropout</b>	30%	7,383	9,598	12,477	16,220	21,086	30.00%
<b>Total</b>	5.93%	86,019	90,191	95,147	101,096	108,305	5.93%

**Market Analysis (Pie)**



## 3.2. Target Market Segment Strategy

### 3.2.1. Market Needs

Bricks-n-Books has two market segments, at-risk youths with a need for educational instruction that will result improving their job opportunities and low-income homeowners with homes in need of repair. Our market strategy, therefore, will be driven by an appreciation for the unique characteristics of each, while leveraging the needs of each to support the other.

### 3.2.2. Market Trends

**At-risk Youth** - In a recently published report by the National Center for Education Statistics (NCES), the dropout rate for 16 to 18 year olds between 1972 and 2004 was nearly 3.8 million, or just over 10% of high school students. Dropping out of high school is related to a number of negative outcomes. For example, the median income of high school dropouts ages 18 and over was \$12,184 in 2003 (U.S. Census Bureau 2005a). (See Supporting Data)

**Low-Income Homeowners** - As baby-boomers age, the relative size of this market continues to sore. Evidence of this growth can be found in the number of persons applying for Medicare. According to a report published by the American Association of Retired Persons, in 2006, some 43 million people are enrolled in Medicare. The report goes on to say that in all states extremely low-income (ELI) households make up at least 58% of all households living in severely unaffordable housing. This, of course, would include the elderly, most of whom who live on a fixed income. If the own their home, and if they are at least 62 years old, they may be able to use a reverse mortgage to pay for the necessary repair work (See Supporting Data), adding to the value and health of the home.

## 3.3. Service Business Analysis

**At-risk Youth** - Recently, the Department of Labor/Employment and Training Administration (DOL/ETA) awarded close to \$47 million in YouthBuild grants to 96 organizations nationwide. We applauded the government's recognition of the problems that face at-risk youths nationally. The reality is, however, that these awards will only fund the participation of 2,900 at-risk youths nationwide over the next year. At this rate, it would take the federal government literally another 1,276 to serve the 3.8 million high school students who have already dropped out between 1972 and 2004. This does not include those who are sure to dropout in the years to come. It is clear from a social need standpoint that more organizations providing such services are needed.

**Low-income Home Improvement** - The home improvement segment of the construction industry is generally made up of many small companies that serve residential properties. It is a seasonal industry in Indiana, with the high season starting in the spring and running through the fall, and little activity happening in the winter. It is also vulnerable to economic changes, as many home improvement services (especially more expensive services such as additions) are more of a luxury than maintenance

services. The home improvement industry can be highly competitive depending on economic conditions, the number of potential customers, and the number of service providers. However, the historical trajectory of the home improvement industry has been positive -- expanding in the variety of services offered and the market demand, and less dependent on technological changes than other industries.

### **3.3.1. Business Participants**

**At-risk Youth Participant Characteristics** - Based on the experiences of similar programs, we anticipate that, because of the racial makeup of the community, most of the participants enrolled will be of African-American heritage; two-thirds of the participants will be male and one-third will be female. While our initial focus will include teenagers, 16-18 years of age, we believe we will also attract older men and women, perhaps as old as 24. We believe that three-quarters of the females will be heads of household, but only 15 percent of the males will be heads of household. Also, roughly half the participants may have children living with them. Clearly, all of the participants will have low personal incomes and reliance on public assistance. Lack of training or skills and/or lack of a GED or high school diploma will be the most common employment barriers participants will face; we assume that more than 40 percent of the participants will report facing one or both of these barriers.

**Home Improvement Characteristics** - There are two main types of customers in the home improvement industry: residential and commercial. Residential customers are primarily made up of owners of one single-family home. Commercial customers vary from small organizations to large corporations, and can include companies that own large residential properties, such as apartment complexes. Residential customers are typically served by smaller, owner-operated home improvement companies with less equipment, knowledge of the trade, or variety of services offered, but with solid service offerings and often a niche client base. Commercial customers are typically served by large home improvement companies that may be able to offer more equipment, knowledge of full-scale services, but may lack flexibility.

### **3.3.2. Competition and Buying Patterns**

**At-Risk Youth** - The market segment study provided in paragraph 3.1.1, clearly establishes that the size of the at-risk youth population in Gary is large and growing. The question is, who is going to pay for the services that Bricks-n-Books proposes to provide to reverse these issues? Clearly the answer must be, at least initially, public and private funding sources. In Gary, Indiana, there is currently no other organization offering a services that addresses this very narrowly focused issue. Not addressing it means a continuing downward spiral of the same until the city collapses in on itself. As a matter of course, ULNWI and UES will submit grant applications to funding sources when and wherever the opportunity presents itself.

**Home Improvement** - Locally, while there is only one home improvement service provider in Gary, Indiana, there are a number of others in surrounding townships. Within the home improvement industry, many home improvement companies usually have a broad range of knowledge and provide a wide variety of related services. Therefore, competition generally depends on a few critical items, including:

- Advertising (i.e., if the buyer can find the provider).
- The cost of the services.
- If the services can be customized.
- The reputation or track record of the company (i.e., reliability, quality, friendliness).

ULNWI offers a new competitive edge to this list: a social mission. Citizens can now find, hire for a competitive price, receive customized services, work with qualified professionals, and give back to their community by hiring a non-profit home improvement company that is supporting the work of at-risk youths. Also, existing home improvement companies and others that use our labor pool will be publically credited for their support of the Bricks-n-Books Project, and its community improvement initiatives.

### **3.3.3. Main Competitors**

**Pre-apprenticeship Programs** - There are no other pre-apprenticeship training programs located in Gary, Indiana. However, there are at least a dozen located in Chicago and other surrounding cities. All of which are beyond the commuter reach of at-risk youth of Gary.

**Home Improvement Services** - There are 24 home improvement companies within 50 miles of Gary, Indiana. These, however, are not true competitors of ULNWI's Bricks-n-Books because their primary objective is profitability, not merely sustainment. As the ULNWI Bricks-n-Books Project expands, we will conduct a more in-depth competitive analysis on these companies.

## **4. Marketing Plan**

The Bricks-n-Books Project will succeed as a result of several important strategic choices. First, it will focus on at-risk youth who have dropped out of high school but have not entered into the juvenile justice system. Second, it will focus on youths who are on the verge of dropping out. Keys to successfully educating at-risk youth include: (a) Engagement of local school districts that will offer facilities and instructional resources to meet the academic needs of the participants; (b) Occupational skills training that is acceptable to local trade unions; (c) Buy-in by community leaders that includes endorsements as well as making use of the program to fulfill personal or business needs.

On the home improvement side of the business, first it will focus on low-income homeowners, ages 62 and older whose homes are in disrepair, but who may have sufficient

equity to obtain a reverse mortgage. Second, it will focus on low-income homeowners in general, with the financial means to pay for home improvement services. Keys to successful operation include: (a) Excellence in fulfilling contractual commitments; (b) Reliability in performing service at scheduled intervals; and (c) Developing visibility to generate new business leads.

#### **4.1. Strategy Pyramid**

ULNWI's main strategy is to reduce the number of at-risk youth in Gary, Indiana, while applying them to the improvement of low-income homes in the city and surrounding townships. By increasing our participant base, we will educate more at-risk youth, increasing their income and career opportunities while providing a valuable home improvement service. Increasing our participant base will also establish us as a credible educator and home improvement service provider, giving us a track record to continue building our business through self-sustainment.

The tactics to increase the number of our participants include:

1. Securing sufficient initial financing for each participant.
2. Providing consistent, high-quality services for our participants.
3. Providing competitive prices, while assuring that significant profit goes back into the program to fund future participant enrollment.
4. Building awareness of our service, expanding the target population we serve, and increasing the benefits of investing in our organization.

Programs to support these tactics are:

1. Obtain support from local and state government officials.
2. Establish meaningful relationships with local school systems, juvenile justice systems, and other social agencies to access prospective at-risk youth.
3. Advertising and pricing incentives for new home improvement customers.
4. A mass mailing campaign.
5. A media outreach campaign.
6. Surveying current customers about their services on a regular basis.
7. Reviewing our services and prices, as well as our competitors, on a regular basis.

#### **4.2. Value Proposition**

The Bricks-n-Books Home Improvement Service will offer reliable, cost effective, quality home improvement services for low-income homeowners. As the only non-profit home improvement service in Gary, Indiana, that trains and employs at-risk youths, ULNWI also provides an avenue for homeowners and businesses to give back to their community.

#### **4.3. Competitive Advantage**

Beyond the competitive pricing, consistent quality and wide array of services offered, ULNWI has an additional edge over other home improvement services: every dollar that

is invested in the improvement of a home goes directly to support the enrollment of at-risk youths in the Bricks-n-Books Project. ULNWI has recognized that there is a large at-risk youth population in Gary that, with the right support system and training, could make outstanding construction professionals and good citizens. As a partner of Urban Education Solutions and an affiliate of the National Urban League, ULNWI has the knowledge and experience to sustain this training program, providing an opportunity for at-risk youth to increase their career options and long-term income.

#### **4.4. Marketing Strategy**

The marketing strategy for Bricks-n-Books will focus on educating the community at large but specifically will focus on informing low-income homeowners about this new alternative home improvement service and the social value it provides to the community through the use of youth who otherwise would be at-risk. We will strive to effectively communicate the value of becoming a Bricks-n-Books customer by emphasizing that the value of the dollar spent by a homeowner will increase by investing in a home improvement service that provides quality services, as well as in a non-profit venture that will put the profit back into training more at-risk youth. In turn, this investment will help build the economy as well as the income, skill level, and employment opportunities for project participants. It is a win-win for the homeowner and the participating young people.

##### **4.4.1. Positioning Statement**

For at-risk youths, the Bricks-n-Books Project provides an alternative to the downward economic spiral they are now on, while enabling them to contribute to the improved well being of their community. For homeowners requiring home improvement services, Bricks-n-Books provides an unparalleled alternative to receive reliable, cost effective, high quality home improvement services while supporting an avenue for at-risk youths to become trained professionals, learning valuable skills that will increase their income and employment options.

##### **4.4.2. Pricing Strategy**

The home improvement services provided by Bricks-n-Books will be competitively priced in comparison to other services in the region. We will survey our competitors on an annual basis and adjust our prices accordingly, taking into account time, materials, targeted net earnings, and the percentage of financial support that will be funneled back into our organization to cover the costs of future employees and participants. In the first few years, we will keep prices low to attract a high number of home improvement customers and increase our profit margin as our demand grows.

##### **4.4.3. Promotion Strategy**

Because the market focus for our project includes two segments of the community, there is a great likelihood that these persons will not possess the latest state-of-the-art technologies (e.g., Internet). Therefore, while such technology will

be used as a general practice, our marketing plan will rely more heavily upon traditional marketing approaches (TV, radio, newspapers, fliers and posters, direct mailing, and word-of-mouth). ULNWI will also tap into its local collaborative partners to gain even greater access. Such partners typically have active lists of persons that fall in our market profiles (e.g., juvenile courts).

#### **4.4.4. Marketing Programs**

Our initial marketing outreach strategy will include a series of mailings targeting at-risk youths, beginning in August 2008. An initial mailing will also be sent out at the end of August to all homeowners in Gary, Indiana. During this same time, contact will be made with social services agencies to identify homeowners who are at least 62 years of age. Between the two mailings, we anticipate providing 48 to 60 initial estimates, which will then result in more than two dozen customers.

Later in the winter and early spring (depending on the number of sales in the early winter, and the number of participants we can train); we will focus on media outreach to continue increasing our home improvement sales. Each of these marketing outreach strategies will be tracked and incorporated into a more formal marketing program in 2009, which will include annual mailings, media campaigns, developing a web presence and creating brand recognition.

#### **4.5. Sales Strategy**

Initially, ULNWI will depend heavily upon public and/or private funding, which will ultimately dictate the number of participants that can be enrolled in the program each year. Additionally, ULNWI will leverage its 501 (c) (3) status to raise funds via events, donations, grants, and other methods typical of non-profits.

Building off of our marketing outreach strategies, Bricks-n-Books will set up initial consultations (i.e. a sales call) with each prospective homeowner to discuss the needs of the potential customer and how the Bricks-n-Books services can meet those needs. As we increase our customer base, Bricks-n-Books management will focus on managing the process and delivery of service to ensure that our team has provided high-quality service and that we are capitalizing on all of our marketing endeavors.

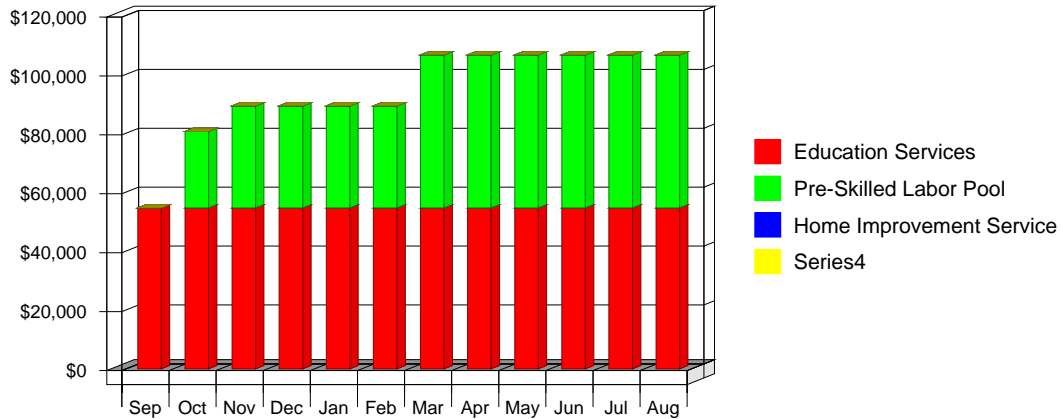
##### **4.5.1. Sales Forecast**

The ULNWI has a realistic, yet aggressive sales forecast for the first three years of operation based on market trends, the number of projected education program participants, and researching our competitors. We are projecting an increase in our service offerings with the highest percentage of growth in the area of pre-apprenticeship skilled labor, which we believe will be our most commonly sold service offering during the first two years. This forecast is based on the assumption that the market need will remain stable or continue to increase, while considering the impact that the winter months (October through March) will likely have on our home improvement service offerings. (See Appendix for a detailed sales forecast spreadsheet)

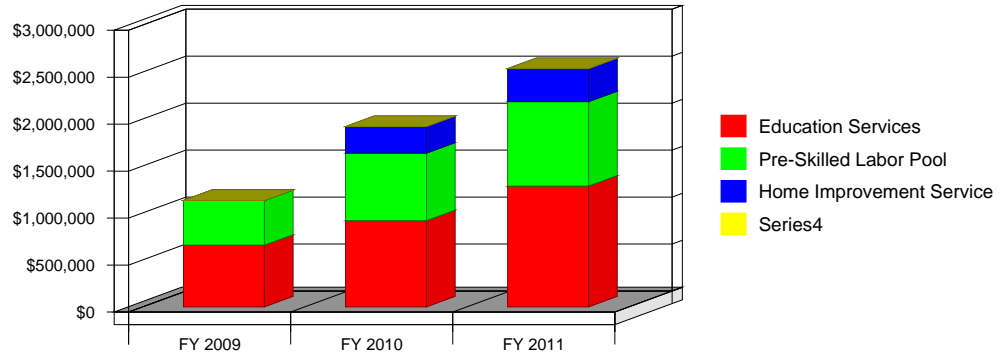
# Urban League of Northwest Indiana Bricks-n-Books Project -- DRAFT

<i>Sales Forecast</i>			
	FY 2009	FY 2010	FY 2011
<b>Sales</b>			
<b>Education Services</b>	\$655,790	\$917,952	\$1,285,133
<b>Pre-Skilled Labor Pool</b>	\$476,270	\$718,780	\$898,475
<b>Home Improvement Service</b>	\$0	\$282,000	\$352,500
	\$0	\$0	\$0
<b>Total Sales</b>	\$1,132,060	\$1,918,732	\$2,536,108
<b>Direct Cost of Sales</b>	FY 2009	FY 2010	FY 2011
<b>Education Instruction</b>	\$109,344	\$218,688	\$328,032
<b>Pre-Skilled Labor Pool</b>	\$284,082	\$457,715	\$686,573
<b>Home Improvement Services</b>	\$0	\$155,000	\$225,000
<b>Row 3</b>	\$0	\$0	\$0
<b>Subtotal Direct Cost of Sales</b>	\$393,426	\$831,403	\$1,239,605

## Sales Monthly



## Sales by Year



**4.5.2. Sales Programs**

The sales forecast is based on the projections of our marketing strategies (outlined in the Marketing Programs section) that will drive an increase in requests for initial customer consultations. Building on these outreach activities, free consultations, and providing additional incentives for businesses to become customers, Bricks-n-Books will discount:

- Business that purchase multiple services, such as a design session followed by some installation and industry work; and
- Referrals to encourage word of mouth and help us track the best marketing strategies (e.g. other businesses, the media, mailings).

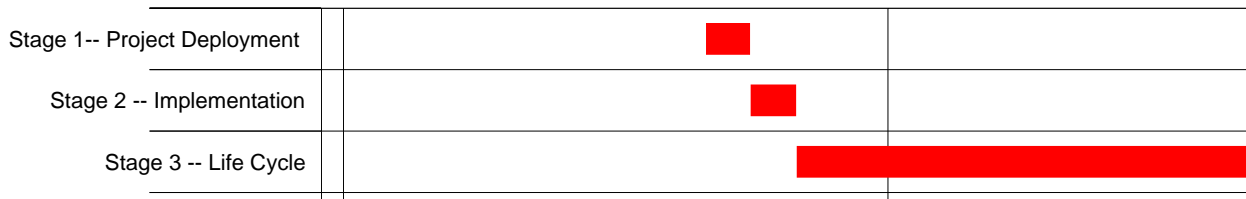
**4.6. Strategic Alliances**

Urban Education Solutions (UES), the developer of the Bricks-n-Books Project, represents ULNWI’s only strategic alliance in this project. All other partners are community-based, with whom relationships will exist for as long the services they provide support ULNWI’s mission and objectives. Like UES, however, ULNWI will rely upon its community-based partners to promote the existence of the Bricks-n-Books Project when and wherever appropriate, without added cost to the project.

**4.7. Milestones**

<i>Milestones</i>					
Milestone	Start Date	End Date	Budget	Manager	Department
Stage 1-- Project Deployment	9/1/2008	9/30/2008	\$90,995	UES	Bricks-n-Books
Stage 2 -- Implementation	10/1/2008	10/31/2008	\$48,667	PM & UES	Bricks-n-Books
Stage 3 -- Life Cycle	11/1/2008	8/30/2009	\$535,338	PM & UES	Bricks-n-Books
Totals			\$675,000		

**Milestones**



**5. Management Plan**

While this project is being introduced into the community under the direct management and administration of ULNWI, the core education-related functions will be provided by organizations that are already available within the community. Partnering with these organizations in such a way will make the Bricks-n-Books Project a community project, therein meaning that the success of the project will be a community achievement, not just one

that ULNWI enjoys. An added advantage to this approach is the cost effectiveness of shared resources.

### 5.1. Enterprise Structure

Incorporated in Indiana in 1945 as a non-profit organization, the Urban League of Northwest Indiana is an affiliate of the National Urban League.

### 5.2. Management Team – See the Appendix for resumes and bios

As illustrated by the Organizational Structure in paragraph 5.3, ULNWI operates on four levels; 1) Board of Directors, 2) Staff, 3) Project/Programs and 4) External Resources.

**Board of Directors** - ULNWI is governed by a board of directors (BOD), consisting of a chairperson, a secretary/treasurer, and four vice chairpersons with specific responsibilities related to the organization's role in the Gary community.

#### Staff

1. **President and CEO** - Ms. Eloise Gentry has been the president and CEO of ULNWI for the past 29 years. Ms. Gentry possesses a BS in Elementary Education and Masters in English, and years of experiences in a wide range of social and educational endeavors. Ms. Gentry is uniquely qualified to oversee the organizational deployment and management of the Bricks-n-Books Project.
2. **Fiscal Manager and Volunteers** - Reporting direct to Ms. Gentry is the fiscal manager, Ms. Bonita Jordan, who has been with ULNWI since 1978. Ms. Jordan's responsibilities include providing fiscal assistance for all fund raising and events, preparing annual fiscal reports, maintaining visibility on all accounts payables and receivables, payroll, monitoring grant sources, and supervising office and volunteer staff.
3. **Consultant Services** - Urban Education Solutions, as a consulting vendor on the Bricks-n-Books Project, adds strength to the project's administration in a number of areas, including grant-proposal writing, fund-raising, and project management.

#### Project/Program Internal Staff

1. **Project Manager** - Reporting direct to Ms. Gentry, the project manager (PM) will provide day-to-day project management and direction. The PM shall be hired by and staffed to the ULNWI during project start up. (See paragraph 6.3) A full-time position, the PM will coordinate all project-related activities on a daily basis as directed by a steering committee.
2. **Director of Education Services (DES)** - Reporting to the PM, the DES will be responsible for all activities associated with pre-apprenticeship instruction, including enrollment and new student orientations, and coordinating with local education service providers and overseeing all related activities. The DES will also work with the Director of Home Improvement Services, below, make

monthly status reports to all stakeholders, audit student enrollment and maintain project accreditation status as may be defined by the Federal and State agencies.

3. **Director of Home Improvement Services (DHS)** - Reporting to the PM, the DHS will be responsible for all home improvement service activities. The DHS shall have a working knowledge of building construction trades, and will make broad use of his/her existing business relationships with local suppliers and contractors to assure a successful operation. More important, the DHS must possess a social conscienceness and willingness to work with at-risk youths.

### **External Resources**

The ULNWI organizational structure is lean, yet functional, in that it minimizes the need for a large internal staff by leveraging the strengths and resources of its community-based partners. The structure enables the engagement of contractor-for-hire services as needed. ULNWI will depend heavily upon the value and strength of the relationships that it has forged and continue to maintain, both inside and outside of the local community.

The key community-based partners involved in the project include, but are not limited to the following:

1. **Project Developer Support** - Working directly with ULNWI's project manager, UES will assign a seasoned professional with experience in construction and/or education to provide training, consultation, daily oversight of the project, and other administrative and support services.
2. **Education Partners:** In these relationships the school corporations will be asked to commit resources, to include, but not limited to: (a) the delivery of the education component (curricula), (b) classroom facilities, where all GED and in-class occupational skills instruction can be provided, (c) certified instructors, and (d) other resources necessary to assure success. Gary Community School Corporation, the community's largest school district, has already committed human resources (educational and occupational skills instructors) to the project. ULNWI will be assertive in its efforts to forge working relationship with other local school corporations as well as community colleges and technical schools, as its key education partners.
3. **Bank:** ULNWI will seek a partnership with a local bank that will take on the primary role of processing home equity loans and, where appropriate, reverse mortgages for prospective homeowners customers, 62 years and older.
4. **Others:** Other partners and related commitments include contractors that will make use of our labor pool, providing participants onsite construction oversight and hands-on instruction training, in keeping with our occupational skills instruction requirements. The Indiana Plan, the local trade unions' apprenticeship program partner, has also committed its support.

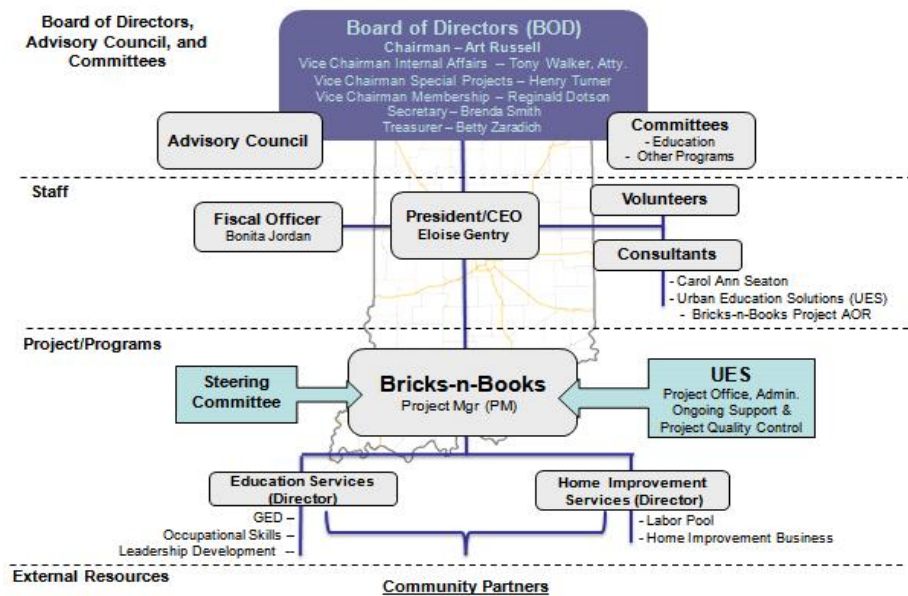
### Steering Committee

Although the Urban League of Northwest Indiana is managed by Ms. Gentry, it has been determined that a steering committee comprising of a cross section of the community will be necessary to oversee the Bricks-n-Books Project's operation. The purpose of the steering committee is to meet frequently and oversee program development and operations, with the interests and needs of the entire community in mind. In addition, the Steering Committee will be instrumental in forging additional relationships throughout the community and beyond for logistical and financial support.

### 5.3. Organizational Structure

As discussed previously, and illustrated in Figure 5.3-1, below, the ULNWI's structure is partitioned into to four groups: Board of Directors, Staff, Projects and Programs, and External Resources.

**Figure 5.3-1, ULNWI Organization**



### 5.4. Management Team Gaps

Through its strategic relationship with UES, ULNWI's management team will be knowledgeable in all areas of the construction industry, including pre-apprenticeship programs for at-risk youths, but our full level of expertise will be lacking at the local level until the second year of operation. (See Personnel Plan, below)

### 5.5. Personnel Plan

During the first year, because of the relatively small number of participants (30), the project management staff will include only the project manager, supported by UES and an administrative assistant. In the first year, the project manager will receive \$65,000 in

compensation and the administrative assistant will receive \$18,000. In 2009, in expectation of enrolling upwards of 60 participants, we will employ the director of home improvement. This person will receive \$55,000 in compensation. In 2010, with an increased enrollment to 90 participants, one additional person will be hired as the director of education. At that time, each director will be compensated \$57,476 per year.

We believe this plan is a good compromise between providing a wage that matches the industry average, with one that meets the commitment of our mission statement: to pay wages high enough to reduce or eliminate monthly government support.

As previously stated, it is our plan to compensate project participants with a stipend and a minimum wage. While both are recognized as part of the instruction program, only the stipend is considered part of the cost of instruction and is, therefore, viewed as a ULNWI expense and covered out of project funds. Minimum wages, on the other hand, will be paid only when the participants are working on a revenue generating task (e.g., home improvement activities).

<i>Personnel Plan</i>			
	FY 2009	FY 2010	FY 2011
<b>Project Manager</b>	\$65,004	\$68,244	\$71,656
<b>Director of Education</b>	\$0	\$27,504	\$57,746
<b>Director of Home Improvement</b>	\$0	\$27,504	\$57,746
<b>Administrative Assistant</b>	\$18,000	\$18,900	\$19,845
<b>Participant Stipends</b>	\$172,500	\$345,000	\$517,500
<b>Total People</b>	32	64	94
<b>Total Payroll</b>	\$255,504	\$487,152	\$724,493

## **6. Operations Plan**

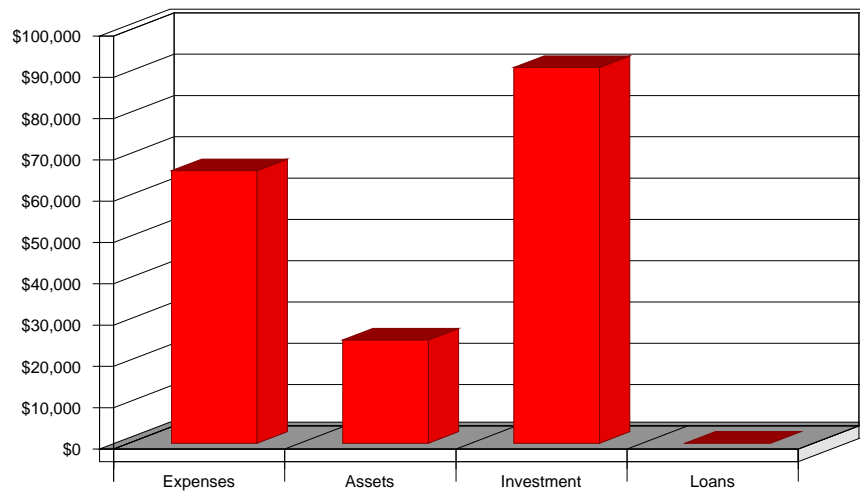
### **6.1. Start-up Summary**

ULNWI's Bricks-n-Books Project is projected to have initial expenses totaling \$90,995. An estimated \$9,500 of this total will be used for start-up expenses, such as insurance, stationary, flyers, legal and office equipment. The other \$81,495 of the total is the estimated cost for our start-up assets, including \$17,500 in initial inventory (e.g. personal protective equipment and trade tools), \$18,995 in long-term assets (e.g. computer, vehicle lease, and MIS systems), \$20,000 in consulting services, and \$25,000 in initial cash to handle the first few months of expenses (e.g. salaries, and additional equipment).

The details are included in the attached chart and table.

<i>Start-up</i>	
<b>Requirements</b>	
<b>Start-up Expenses</b>	
Legal	\$2,000
Stationery etc.	\$1,500
Insurance	\$1,500
Office Supplies	\$1,000
Computer	\$2,500
Consultants	\$20,000
Project Tools (Assessment/Tracking)	\$13,995
Promotional Materials	\$3,500
Personal Protective Equipment and Trade Tools	\$17,500
Vehicle Lease	\$2,500
<b>Total Start-up Expenses</b>	<b>\$65,995</b>
<b>Start-up Assets</b>	
Cash Required	\$25,000
Other Current Assets	\$0
Long-term Assets	\$0
<b>Total Assets</b>	<b>\$25,000</b>
<b>Total Requirements</b>	<b>\$90,995</b>

**Start-up**



## 6.2. Enterprise Location and Facilities

While the project will be managed out of the Urban League’s main office at 3101 Broadway, Gary, Indiana, the actual instruction services will be provided out of the facilities of its community partners.

### 6.3. Service Delivery Processes

The delivery of the services described herein shall be fulfilled in three stages.

- **Stage 1 (*Project Startup*):** Month 1, ready the organization and all partners for the enrollment of recruited participant. Stage 1 tasks will include, but may not be limited to acquiring the assessment and tracking tools necessary for the implementation of the project, addressing all legal and insurance issues, hiring and training key personnel, engaging all community partners and other resources, forming the steering committee, and initializing the marketing campaign, etc. This stage is overseen by UES.
- **Stage 2 (*Project Implementation*):** Month 2, the first of the initial 12-month program. Stage 2 begins seamlessly as Stage 1 nears its successful conclusion. Stage 2 includes the enrollment, orientation, and evaluation of participants followed by the commencement of project instruction. This stage is overseen by UES.
- **Stage 3 (*Project Life Cycle*):** Beginning the second month of the initial 12-month period, this stage represents a successful program operation. At this time, UES steps back into more of a supportive role, leaving ongoing management and oversight to the ULNWI project manager.

Throughout the life of the project, ULNWI plans to use local, community-based organizations with whom it will partner to provide the core educational services. ULNWI has already obtained letters of commitment from several businesses that have met the following criteria:

- Has a superior reputation in the community.
- Provides high-quality education that is complimentary to specific interests of the participants in the program.
- Is a locally-owned business that is involved in community service.
- Has expressed a willingness to work with ULNWI and values the social enterprise aspect of the Bricks-n-Books Project and ULNWI's mission.
- In addition to using companies that fit the above criteria for providing our core services, ULNWI has also identified several larger, cost-effective vendors to provide secondary additional support services as needed, including, in some cases, financial support.

### 6.4. Technology

The construction trades are typically a manual labor-based industry and, therefore, do not depend heavily upon today's high technologies. Instead, it can be said, that the tools of the trade (i.e., steel-toed shoes, hammers, screw drives and the like) will be necessary. At an approximate cost of \$250 each, participants enrolled in the skills development program will require their personal complement of these tools of the trade in order to function properly and safely.

## 6.5. Management Information Systems

Management information systems (MIS) will be used to evaluate and monitor program goals, service delivery, participant outcomes, and participant and client perceptions of program services. These are essential to determine successes and areas for improvement, as well as identifying potential opportunities for replication or expansion of successful and innovative ideas. The processes include:

1. TraxSolutions™ by nFocus, into which the project's entire operation will be fully integrated.
2. The Measures of Academic Progress (MAP) by Northwest Evaluation Association (NWEA). Beginning with the enrollment process, MAP will be used quarterly to assess student academic progress. The outcomes from participants' MAP assessment will then be input into TraxSolutions™.
3. The government's management information system (MIS). Operating in accordance with Common Measure Policy for adults and youth as stipulated by the Employment and Training Administration's (ETA) in the Training and Employment Guideline Letter (TEGL) 17-05.

These three redundant systems will be used regularly to capture and report data gathered from the enrollment and evaluation processes through to student post-graduation activities.

## 6.6. Future Services/R&D

Beginning with the stage 1 of the project's deployment, ULNWI will setup the Bricks-n-Books Home Improvement Service. In about three years, ULNWI *may* establish the Bricks-n-Books Home Center and Depot, which could sell refurbished donated items to the public and, thereby, provide yet another source for sustaining the educational component of the project.

## 6.7. Quality Control

Quality control is the responsibility of all of Bricks-n-Books partners. However, UES will see to it that all key personnel are properly trained in their respective roles, while through its project manager, ULNWI assures that each community-based partner is operating in compliance with the structure and methods defined for the success of the project. In all cases, the evaluation tools defined in paragraph 6.5 shall be used as the basis for establishing and maintaining project quality.

## 7. Financial Plan

Many of the charts and tables related to this section can be found in the Appendix section, at the end of this Business Plan.

### 7.1. Start-up Funding

Total start-up expenses and assets required will be financed by a Foundation grant, as outlined in the table below.

<b><i>Start-up Funding</i></b>	
<b>Start-up Expenses to Fund</b>	\$65,995
<b>Start-up Assets to Fund</b>	\$25,000
<b>Total Funding Required</b>	\$90,995
<b>Assets</b>	
Non-cash Assets from Start-up	\$0
Cash Requirements from Start-up	\$25,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$25,000
<b>Total Assets</b>	\$25,000
<b>Liabilities and Capital</b>	
<b>Liabilities</b>	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities	\$0
<b>Total Liabilities</b>	\$0
<b>Capital</b>	
<b>Planned Investment</b>	
Owner	\$0
Investor	\$0
Additional Investment Requirement	\$90,995
<b>Total Planned Investment</b>	\$90,995
Loss at Start-up (Start-up Expenses)	(\$65,995)
<b>Total Capital</b>	\$25,000
<b>Total Capital and Liabilities</b>	\$25,000
<b>Total Funding</b>	<b>\$90,995</b>

### 7.2. Important Assumptions

The Bricks-n-Books financial plan is based on the following assumptions:

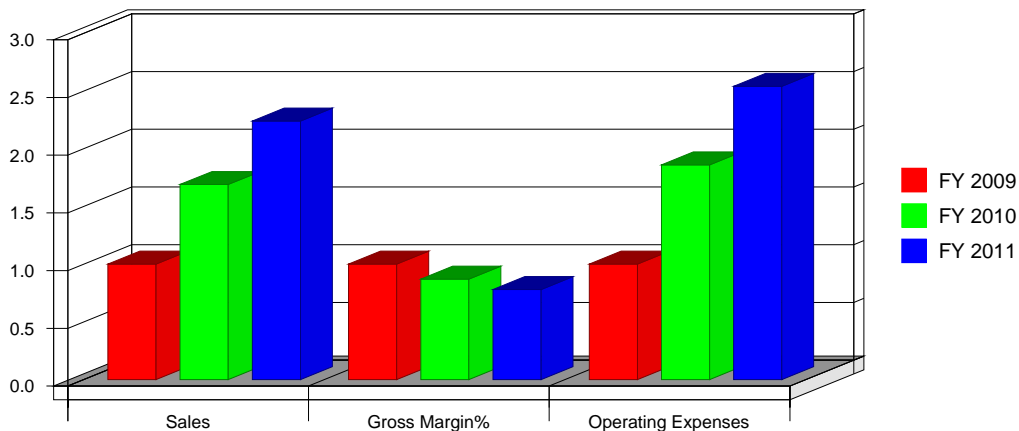
- Securing at least \$90,995 in start-up capital from a local foundation.
- Obtaining initial funding of \$22,500 per participants from foundation sources.
- The market demand for occupational skills education services will continue to hold steady or increase.

- Thirty (30) at-risk youths will be enrolled and maintained throughout the first year, increasing to 90 in three years.
- Local home improvement service providers will make broad use of Bricks-n-Books Labor Pool, which represents the sale activities that will fund the ongoing occupational skills education activities.
- There will not be an influx of other direct competitors during the next 3 years.
- The Bricks-n-Books home improvement sales revenue (labor pool and as well as services) will continue to be exempt from corporate income tax.
- Business will decline during the winter months.
- Homeowners and businesses in Lake County will respond positively to a double-bottom line business that delivers goods and services coupled with a social mission.

### 7.3. Key Financial Indicators

The following benchmark chart provides our key financial indicators for the first three years. We foresee slow but steady growth in demand for our home improvement services and consequent increase in operating expenses. During year one, Bricks-n-Books will serve its labor pool market only, as we ramp up in year two to add our own home improvement service, we will serve local homeowners ourselves and, thereby, increase sales.

**Benchmarks**



### 7.4. Break-even Analysis

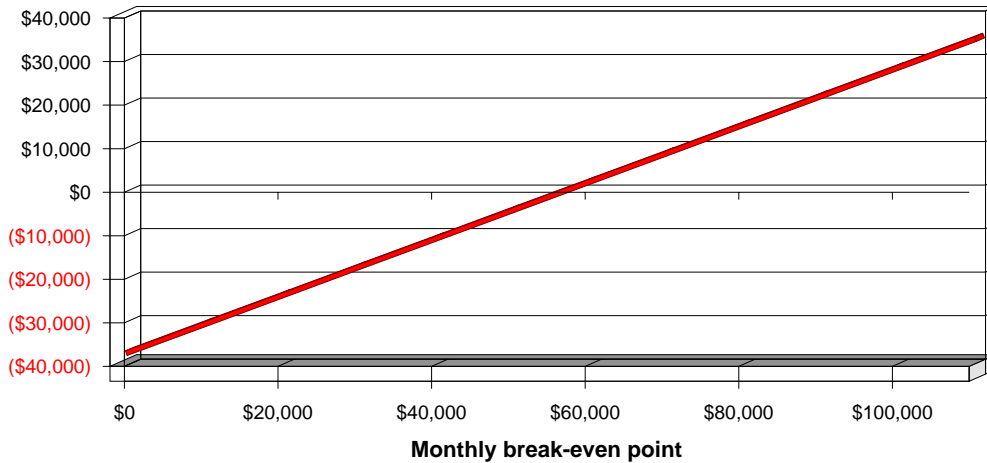
Our break-even analysis is based on the ongoing costs we incur to keep the occupational skills development and associated educational services running.

Fixed costs including the overhead for use of contracted instructors to provide the services on a per participants basis (\$8,314/mo), utilities/contract services (\$4,950/mo.), payroll (\$21,917/mo.), and marketing costs (\$1,000/mo.) are an estimated \$36,181 per month (\$434,172/year).

The payroll cost includes the salary for one permanent full-time staff person who will manage the operation as well as the stipends paid to participants. While word-of-mouth will be our primary marketing tool, we have identified an expense that we believe necessary to assure optimum exposure. Our assumptions on the average rate charged per hour for labor for the pre-apprenticeship labor pool service; however this is not the only service that will be offered by Bricks-n-Books. The result of this analysis offers general insight regarding the amount of labor we must sell in order to maintain uninterrupted operation of the home improvement business each month, which will ultimately finance ongoing occupational skills development enrollment.

<i>Break-even Analysis</i>	
<b>Monthly Revenue Break-even</b>	\$57,021
<b>Assumptions:</b>	
<b>Average Percent Variable Cost</b>	35%
Estimated Monthly Fixed Cost	\$37,204

**Break-even Analysis**



Break-even point = where line intersects with 0

### **7.5. Projected Profit and Loss**

See Appendix for details.

### **7.6. Projected Cash Flow**

See Appendix for details.

### **7.7. Projected Balance Sheet**

See Appendix for details.

### **7.8. Business Ratios**

Financial ratios for the years of this plan are illustrated below. According to the Department of Labor, there are no records for neither “pre-apprenticeship training programs” nor “home improvement/renovation services”. However, shown for comparison purposes are financial ratios for averages “apprenticeship training programs” (SIC Code 8249), with annual sales between \$300,000 and \$1.1 million, and construction companies (SIC Code 1521), with annual sales into the millions are being used.

Current liabilities for Bricks-n-Books are below industry average due to the philanthropic source of its seed capital. Long-term liabilities are below industry standard for similarly sized businesses for the same reason. The net result is a Current Ratio of assets to liabilities that is substantially stronger than averages for both industries. Other ratios, such as daily receivable and operating margins, are close to industry standard. One significant exception is the Selling, General and Administrative expense ratio. This reflects overhead and support services provided by various social service organizations in the community, as well as the strategic priority upon investing in an aggressive sales plan to build residential business as quickly as possible to achieve break-even and minimize losses.

<b>Ratio Analysis</b>				
	FY 2009	FY 2010	FY 2011	Industry Profile
<b>Sales Growth</b>	0.00%	69.49%	32.18%	1.52%
<b>Percent of Total Assets</b>				
<b>Other Current Assets</b>	0.00%	0.00%	0.00%	58.78%
<b>Total Current Assets</b>	100.00%	100.00%	100.00%	78.05%
<b>Long-term Assets</b>	0.00%	0.00%	0.00%	21.95%
<b>Total Assets</b>	100.00%	100.00%	100.00%	100.00%
<b>Current Liabilities</b>	13.92%	14.46%	42.49%	40.37%
<b>Long-term Liabilities</b>	0.00%	0.00%	0.00%	12.84%
<b>Total Liabilities</b>	13.92%	14.46%	42.49%	53.21%
<b>Net Worth</b>	86.08%	85.54%	57.51%	46.79%
<b>Percent of Sales</b>				
<b>Sales</b>	100.00%	100.00%	100.00%	100.00%
<b>Gross Margin</b>	65.25%	56.67%	51.12%	100.00%
<b>Selling, General &amp; Administrative Expenses</b>	37.95%	42.22%	43.78%	74.88%
<b>Advertising Expenses</b>	0.00%	0.00%	0.00%	1.28%
<b>Profit Before Interest and Taxes</b>	n.a.	n.a.	n.a.	2.28%
<b>Main Ratios</b>				
<b>Current</b>	7.18	6.92	2.35	1.25
<b>Quick</b>	7.18	6.92	2.35	1.06
<b>Total Debt to Total Assets</b>	13.92%	14.46%	42.49%	63.02%
<b>Pre-tax Return on Net Worth</b>	n.a.	n.a.	n.a.	6.90%
<b>Pre-tax Return on Assets</b>	n.a.	n.a.	n.a.	18.66%
<b>Additional Ratios</b>	FY 2009	FY 2010	FY 2011	
<b>Net Profit Margin</b>	27.29%	14.45%	7.34%	n.a.
<b>Return on Equity</b>	92.51%	45.36%	23.35%	n.a.
<b>Activity Ratios</b>				
<b>Accounts Payable Turnover</b>	10.82	11.36	2.80	n.a.
<b>Payment Days</b>	27	24	77	n.a.
<b>Total Asset Turnover</b>	2.92	2.69	1.83	n.a.
<b>Debt Ratios</b>				
<b>Debt to Net Worth</b>	0.16	0.17	0.74	n.a.
<b>Current Liab. to Liab.</b>	1.00	1.00	1.00	n.a.
<b>Liquidity Ratios</b>				
<b>Net Working Capital</b>	\$333,980	\$611,223	\$797,415	n.a.
<b>Interest Coverage</b>	0.00	0.00	0.00	n.a.
<b>Additional Ratios</b>				
<b>Assets to Sales</b>	0.34	0.37	0.55	n.a.
<b>Current Debt/Total Assets</b>	14%	14%	42%	n.a.
<b>Acid Test</b>	7.18	6.92	2.35	n.a.
<b>Sales/Net Worth</b>	3.39	3.14	3.18	n.a.
<b>Dividend Payout</b>	n.a.	n.a.	n.a.	n.a.

## 7.9. Social Return on Investment

The National Bricks-n-Books Project was created by Urban Education Solutions to address the need for at-risk youth to have a meaningful employment opportunity that would increase their income level and reduce their dependency on government

subsidies. Bricks-n-Books was designed to create a financial return for the employees, government, and local businesses, by investing in a training program, employment opportunity, and the necessities for running a home improvement service and/or providing skilled labor to local service providers at reduced rates.

### **7.9.1. Beneficiaries**

The success of the ULNWI Bricks-n-Books Project will directly benefit:

1. At-risk youths that are successfully enrolled in the project's educational programs will receive new skills and opportunities to advance to community-based jobs, the chance to increase their income level, and the emotional benefit that is derived from meaningful employment.
2. ULNWI, through the generation of unrestricted operating funds to support its ongoing operations for years to come.
3. Low-income home improvement customers, who will have the ability to have their homes repaired at a fraction of the cost of other services, while contributing to the advancement of at-risk youths. In so doing they will be proud that they are investing in job opportunities for this population; the beautification of their communities; the local economy, which will benefit from increased taxpayers, who will benefit from the increase in self-sufficiency of adults and the corresponding decrease in government assistance payments.
4. Construction trade unions will have a pool of pre-qualified apprentices from which to draw. Thereby, reducing the costs associated with the rate of premature dropouts, while increasing the number dues-paying union members.

### **7.9.2. Social Outcomes**

The primary social outcomes that ULNWI Bricks-n-Books Project anticipates to achieve and track include:

- Job creation and placement for at-risk youths.
- Initially, through its home improvement service, ULNWI plans to provide part-time jobs for 30 participants (employees) of its educational program as part of its on-site education component.
- Increased earnings for at-risk youth. ULNWI will compensate each employee at an income level high enough to reduce or eliminate monthly government support.
- Reducing the number of government subsidies that each Bricks-n-Books participant is currently dependent upon.
- Reduce the number and amount of external financing for the Bricks-n-Books Project by become self-sustaining.

### **7.9.3. Social Return Calculation**

During the first three years of operation (2008-2011), Bricks-n-Books will increase its number of enrolled participants from 30 to 90. Participants will receive a \$500 per month stipend when in class and a minimum wage of \$7.25 per hour when working on-site under the Bricks-n-Books Home Improvement Service. The average monthly income for each participant during the 12-month period is \$1,127.85 (\$13,534 per year). Earnings of these employees will reduce government subsidies and result in actual savings to state and local government or the redirection of funds to others in need.

Wages paid, coupled with payroll taxes paid by these workers and the corresponding reduction of government assistance, will total approximately \$18k in the first year. This social benefit is the equivalent of an 82.2% return on paid-in capital of \$21.9k.

## **8. Risk Assessment and Contingency Plan**

### **8.1. Major Risk Factors**

As in any new enterprise there are many risks to be considered. While every effort has been made to identify each risk, there can be no assurance that we have identified them all. With this in mind, we have identified areas that we believe may represent our greatest risks as well as contingencies to mitigate those risks, which are identified in paragraph 8.3. Major risks factors include:

1. A lack of sufficient financing to meet the initial and ongoing capital needs.
2. A lack of community commitment to the project.
3. The inability of organization to deliver on project promises.
4. Failure to attract suitable internal staff.
5. Failure to attain successful track record of training participants who are sufficiently skilled to satisfy the local trade markets.
6. Marketing plan shortfalls.

### **8.2. Impacts on Venture**

Should any of the defined risks defined above become a reality the impact on this venture will depend greatly upon the shortfall associated with the risk. With this thought in mind, the mitigation plan in paragraph 8.3 addresses a number of responses for each risk. In all cases, ULNWI reserves the right to exercise the most extreme action, up to and including, transferring our participants to other organizations in the community that are willing to accept them into their programs.

### **8.3. Mitigation Plan**

The following mitigation statements and associated contingencies correspond to each of the risks defined in paragraph 8.1.

1. Seek multiple funding sources.

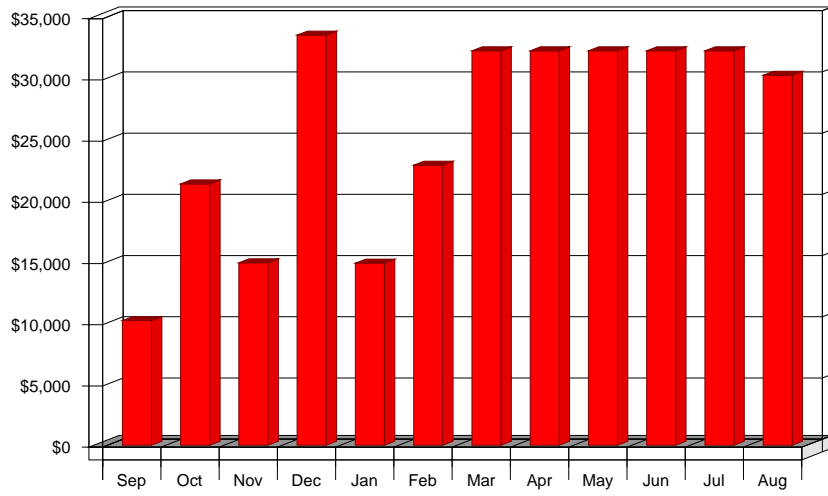
- Contingencies:
  - Use our tax-exempt status to raise funds sufficient to sustain the program.
  - Delay startup until funding is obtained
- 2. Obtain letters of commitment from all supporters prior to implementing project.
  - Contingencies:
    - Delay implementation until all needed commitments are in hand.
- 3. Monitor the performance of the Project and participants on an ongoing basis, using the tools defined in under Evaluation, above.
  - Contingencies:
    - Exercise options to quickly engage suitable contracted replacement resources as needed.
- 4. Start the hiring process early in Stage 1 and existing ULNWI and UES staff must be prepared to perform all functions.
  - Contingencies:
    - Exercise options to quickly engage suitable temporary employees through employment agencies, as needed.
- 5. Pre-qualify participants - recruit and enroll participants that have been recommended by reputable persons and/or organizations within the community. Create a waiting list of pre-qualified participants. Monitor student performance on an ongoing basis (e.g., weekly, monthly and quarterly).
  - Contingencies:
    - Exercise option to enrolled participant from the waiting list.
- 6. Set up and consult with steering committee in Stage 1. Test marketing plan early in Stage 1 of project deployment and adjust where necessary.

**Appendix**

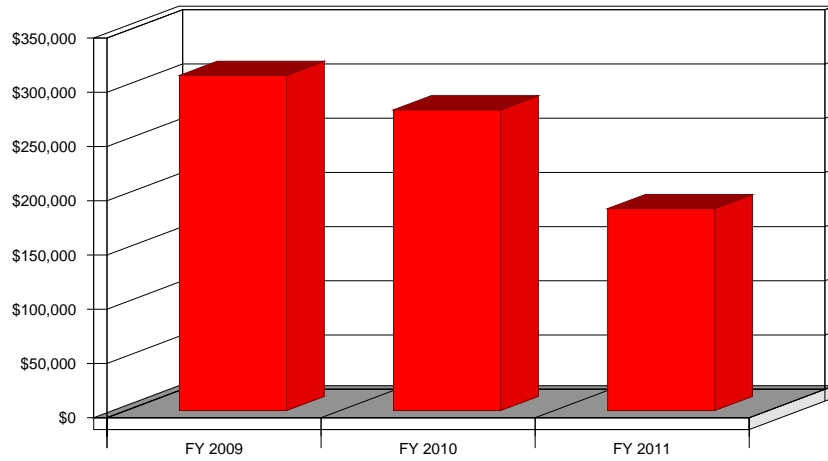
**Projected Profit and Loss**

<i>Pro Forma Profit and Loss</i>			
	FY 2009	FY 2010	FY 2011
<b>Sales</b>	\$1,132,060	\$1,918,732	\$2,536,108
<b>Cost of Goods Sold</b>	\$393,426	\$831,403	\$1,239,605
<b>Gross Profit</b>	\$738,634	\$1,087,329	\$1,296,503
<b>Gross Profit %</b>	65.25%	56.67%	51.12%
<b>Expenses</b>			
<b>Payroll</b>	\$255,504	\$487,152	\$724,493
<b>Marketing/Promotion</b>	\$16,000	\$22,750	\$25,000
<b>Depreciation</b>	\$0	\$0	\$0
<b>Rent</b>	\$6,000	\$6,000	\$12,000
<b>Utilities</b>	\$1,200	\$1,200	\$1,200
<b>Insurance</b>	\$54,624	\$65,424	\$71,966
<b>Payroll Taxes</b>	\$38,326	\$43,070	\$108,674
<b>Contributions</b>	\$6,000	\$6,000	\$6,000
<b>Communications</b>	\$3,000	\$3,600	\$4,200
<b>Information Technology</b>	\$1,800	\$1,800	\$1,800
<b>Postage &amp; Delivery</b>	\$1,200	\$1,440	\$1,728
<b>Office Expenses</b>	\$1,200	\$1,200	\$1,200
<b>Dues and Subscriptions</b>	\$10,000	\$12,000	\$15,000
<b>Travel &amp; Entertainment</b>	\$3,600	\$5,850	\$7,850
<b>Professional Services (Accounting/Legal/UES)</b>	\$48,000	\$121,800	\$136,800
<b>Launch (Home Improvement Service</b>	\$0	\$50,000	\$15,000
	-----	-----	-----
<b>Total Expense</b>	\$446,454	\$829,286	\$1,132,911
<b>Profit Before Interest and Taxes</b>	\$292,180	\$258,043	\$163,592
<b>Other Income</b>			
<b>Donations</b>	\$18,000	\$21,000	\$25,000
<b>Other Income Account Name</b>	\$0	\$0	\$0
<b>Total Other Income</b>	\$18,000	\$21,000	\$25,000
<b>Other Expense</b>			
<b>Donations</b>	\$1,200	\$1,800	\$2,400
<b>Other Expense Account Name</b>	\$0	\$0	\$0
<b>Total Other Expense</b>	\$1,200	\$1,800	\$2,400
<b>Net Other Income</b>	\$16,800	\$19,200	\$22,600
<b>Net Profit</b>	\$308,980	\$277,243	\$186,192
<b>Net Profit/Sales</b>	27.29%	14.45%	7.34%

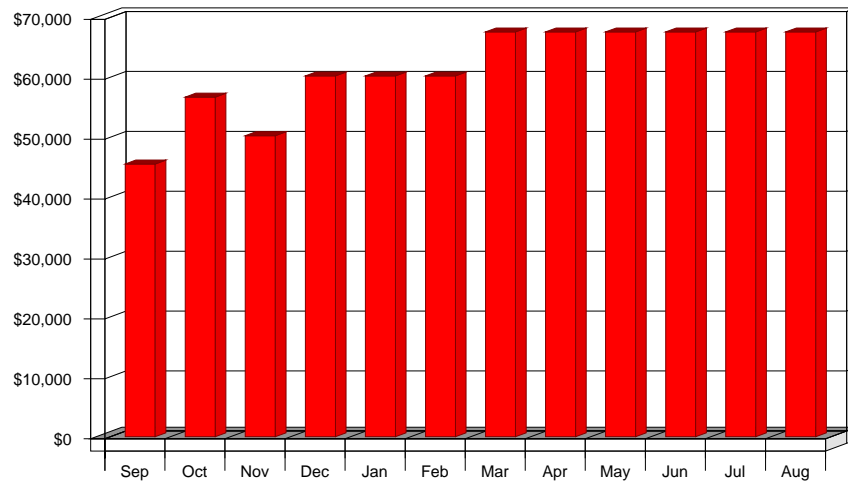
**Profit Monthly**



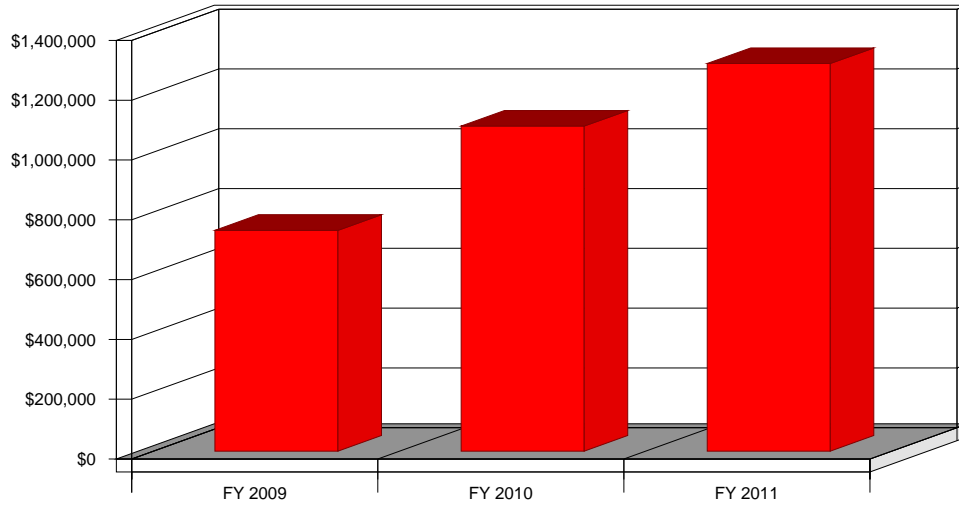
**Profit Yearly**



**Gross Margin Monthly**

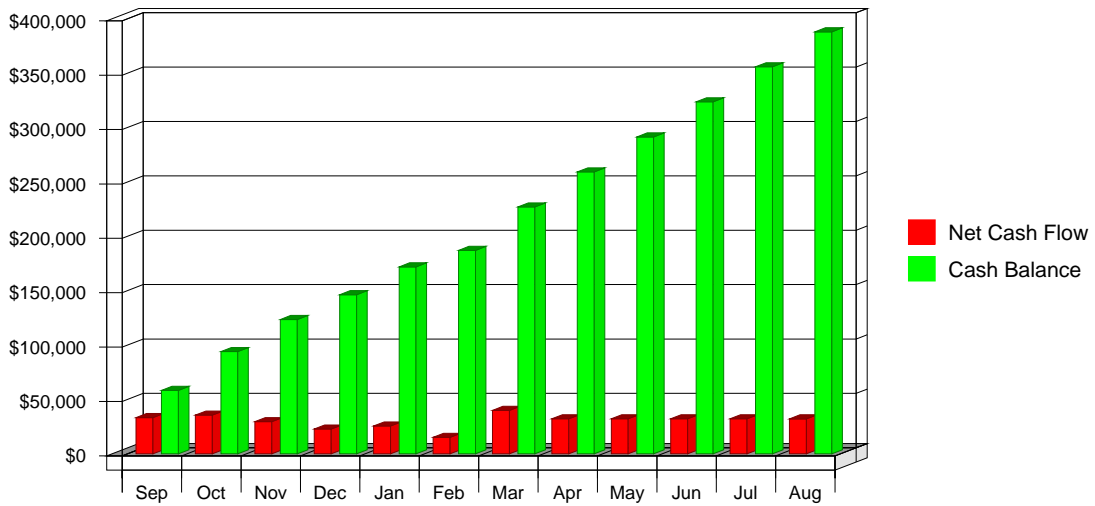


### Gross Margin Yearly



### Projected Cash Flow

#### Cash



Urban League of Northwest Indiana Bricks-n-Books Project -- DRAFT

<b>Pro Forma Cash Flow</b>			
	FY 2009	FY 2010	FY 2011
<b>Cash Received</b>			
<b>Cash from Operations</b>			
Cash Sales	\$1,132,060	\$1,918,732	\$2,536,108
<b>Subtotal Cash from Operations</b>	\$1,132,060	\$1,918,732	\$2,536,108
<b>Additional Cash Received</b>			
Non Operating (Other) Income	\$18,000	\$21,000	\$25,000
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
<b>Subtotal Cash Received</b>	\$1,150,060	\$1,939,732	\$2,561,108
<b>Expenditures</b>	FY 2009	FY 2010	FY 2011
<b>Expenditures from Operations</b>			
Cash spending	\$255,504	\$487,152	\$724,493
Bill Payments	\$530,365	\$1,124,250	\$1,162,051
<b>Subtotal Spent on Operations</b>	\$785,869	\$1,611,402	\$1,886,544
<b>Additional Cash Spent</b>			
Non Operating (Other) Expense	\$1,200	\$1,800	\$2,400
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
<b>Subtotal Cash Spent</b>	\$787,069	\$1,613,202	\$1,888,944
<b>Net Cash Flow</b>	\$362,991	\$326,530	\$672,164
Cash Balance	\$387,991	\$714,521	\$1,386,685

**Projected Balance Sheet**

<i>Pro Forma Balance Sheet</i>			
	FY 2009	FY 2010	FY 2011
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$387,991	\$714,521	\$1,386,685
Other Current Assets	\$0	\$0	\$0
<b>Total Current Assets</b>	\$387,991	\$714,521	\$1,386,685
<b>Long-term Assets</b>			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
<b>Total Long-term Assets</b>	\$0	\$0	\$0
<b>Total Assets</b>	\$387,991	\$714,521	\$1,386,685
<b>Liabilities and Capital</b>	FY 2009	FY 2010	FY 2011
<b>Current Liabilities</b>			
Accounts Payable	\$54,011	\$103,298	\$589,270
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	\$54,011	\$103,298	\$589,270
<b>Long-term Liabilities</b>	\$0	\$0	\$0
<b>Total Liabilities</b>	\$54,011	\$103,298	\$589,270
<b>Paid-in Capital</b>	\$90,995	\$90,995	\$90,995
<b>Retained Earnings</b>	(\$65,995)	\$242,985	\$520,228
<b>Earnings</b>	\$308,980	\$277,243	\$186,192
<b>Total Capital</b>	\$333,980	\$611,223	\$797,415
<b>Total Liabilities and Capital</b>	\$387,991	\$714,521	\$1,386,685
<b>Net Worth</b>	\$333,980	\$611,223	\$797,415







<b>Pro Forma Cash Flow</b>												
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Cash Received</b>												
<b>Cash from Operations</b>												
Cash Sales	\$54,640	\$80,600	\$89,290	\$89,290	\$89,290	\$89,290	\$106,610	\$106,610	\$106,610	\$106,610	\$106,610	\$106,610
<b>Subtotal Cash from Operations</b>	<b>\$54,640</b>	<b>\$80,600</b>	<b>\$89,290</b>	<b>\$89,290</b>	<b>\$89,290</b>	<b>\$89,290</b>	<b>\$106,610</b>	<b>\$106,610</b>	<b>\$106,610</b>	<b>\$106,610</b>	<b>\$106,610</b>	<b>\$106,610</b>
<b>Additional Cash Received</b>												
Non Operating (Other) Income	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Cash Received</b>	<b>\$56,140</b>	<b>\$82,100</b>	<b>\$90,790</b>	<b>\$90,790</b>	<b>\$90,790</b>	<b>\$90,790</b>	<b>\$108,110</b>	<b>\$108,110</b>	<b>\$108,110</b>	<b>\$108,110</b>	<b>\$108,110</b>	<b>\$108,110</b>
<b>Expenditures</b>												
<b>Expenditures from Operations</b>												
Cash spending	\$21,917	\$21,917	\$21,917	\$14,417	\$21,917	\$21,917	\$21,917	\$21,917	\$21,917	\$21,917	\$21,917	\$21,917
Bill Payments	\$798	\$24,444	\$39,240	\$53,504	\$43,145	\$53,633	\$46,165	\$53,874	\$53,874	\$53,874	\$53,874	\$53,940
<b>Subtotal Spent on Operations</b>	<b>\$22,715</b>	<b>\$46,361</b>	<b>\$61,157</b>	<b>\$67,921</b>	<b>\$65,062</b>	<b>\$75,550</b>	<b>\$68,082</b>	<b>\$75,791</b>	<b>\$75,791</b>	<b>\$75,791</b>	<b>\$75,791</b>	<b>\$75,857</b>
<b>Additional Cash Spent</b>												
Non Operating (Other) Expense	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Cash Spent</b>	<b>\$22,815</b>	<b>\$46,461</b>	<b>\$61,257</b>	<b>\$68,021</b>	<b>\$65,162</b>	<b>\$75,650</b>	<b>\$68,182</b>	<b>\$75,891</b>	<b>\$75,891</b>	<b>\$75,891</b>	<b>\$75,891</b>	<b>\$75,957</b>
<b>Net Cash Flow</b>	<b>\$33,325</b>	<b>\$35,639</b>	<b>\$29,533</b>	<b>\$22,769</b>	<b>\$25,628</b>	<b>\$15,140</b>	<b>\$39,928</b>	<b>\$32,219</b>	<b>\$32,219</b>	<b>\$32,219</b>	<b>\$32,219</b>	<b>\$32,153</b>
Cash Balance	\$58,325	\$93,963	\$123,496	\$146,266	\$171,893	\$187,033	\$226,961	\$259,180	\$291,400	\$323,619	\$355,839	\$387,991

*Pro Forma Balance Sheet*

		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Assets</b>	Starting Balances												
<b>Current Assets</b>													
Cash	\$25,000	\$58,325	\$93,963	\$123,496	\$146,266	\$171,893	\$187,033	\$226,961	\$259,180	\$291,400	\$323,619	\$355,839	\$387,991
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$25,000</b>	<b>\$58,325</b>	<b>\$93,963</b>	<b>\$123,496</b>	<b>\$146,266</b>	<b>\$171,893</b>	<b>\$187,033</b>	<b>\$226,961</b>	<b>\$259,180</b>	<b>\$291,400</b>	<b>\$323,619</b>	<b>\$355,839</b>	<b>\$387,991</b>
<b>Long-term Assets</b>													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Long-term Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Assets</b>	<b>\$25,000</b>	<b>\$58,325</b>	<b>\$93,963</b>	<b>\$123,496</b>	<b>\$146,266</b>	<b>\$171,893</b>	<b>\$187,033</b>	<b>\$226,961</b>	<b>\$259,180</b>	<b>\$291,400</b>	<b>\$323,619</b>	<b>\$355,839</b>	<b>\$387,991</b>
<b>Liabilities and Capital</b>													
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Current Liabilities</b>													
Accounts Payable	\$0	\$23,153	\$37,444	\$52,078	\$41,349	\$52,103	\$44,370	\$52,078	\$52,078	\$52,078	\$52,078	\$52,078	\$54,011
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$0</b>	<b>\$23,153</b>	<b>\$37,444</b>	<b>\$52,078</b>	<b>\$41,349</b>	<b>\$52,103</b>	<b>\$44,370</b>	<b>\$52,078</b>	<b>\$52,078</b>	<b>\$52,078</b>	<b>\$52,078</b>	<b>\$52,078</b>	<b>\$54,011</b>
<b>Long-term Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$23,153</b>	<b>\$37,444</b>	<b>\$52,078</b>	<b>\$41,349</b>	<b>\$52,103</b>	<b>\$44,370</b>	<b>\$52,078</b>	<b>\$52,078</b>	<b>\$52,078</b>	<b>\$52,078</b>	<b>\$52,078</b>	<b>\$54,011</b>
<b>Paid-in Capital</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>	<b>\$90,995</b>
<b>Retained Earnings</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>	<b>(\$65,995)</b>
<b>Earnings</b>	<b>\$0</b>	<b>\$10,171</b>	<b>\$31,519</b>	<b>\$46,418</b>	<b>\$79,917</b>	<b>\$94,790</b>	<b>\$117,664</b>	<b>\$149,883</b>	<b>\$182,103</b>	<b>\$214,322</b>	<b>\$246,542</b>	<b>\$278,761</b>	<b>\$308,980</b>
<b>Total Capital</b>	<b>\$25,000</b>	<b>\$35,171</b>	<b>\$56,519</b>	<b>\$71,418</b>	<b>\$104,917</b>	<b>\$119,790</b>	<b>\$142,664</b>	<b>\$174,883</b>	<b>\$207,103</b>	<b>\$239,322</b>	<b>\$271,542</b>	<b>\$303,761</b>	<b>\$333,980</b>
<b>Total Liabilities and Capital</b>	<b>\$25,000</b>	<b>\$58,325</b>	<b>\$93,963</b>	<b>\$123,496</b>	<b>\$146,266</b>	<b>\$171,893</b>	<b>\$187,033</b>	<b>\$226,961</b>	<b>\$259,180</b>	<b>\$291,400</b>	<b>\$323,619</b>	<b>\$355,839</b>	<b>\$387,991</b>
Net Worth	\$25,000	\$35,171	\$56,519	\$71,418	\$104,917	\$119,790	\$142,664	\$174,883	\$207,103	\$239,322	\$271,542	\$303,761	\$333,980