

## **SOURCES AND USES**

The gross proceeds of the Offering to the Company will be a minimum of twenty two thousand four hundred dollars (\$22,400) and a maximum of nine hundred ninety nine thousand eight hundred and eighty dollars (\$999,880). However, the actual proceeds available to the Company will be reduced by the expenses of the Offering, including the costs of preparing this Offering Memorandum and the marketing, filing, printing, legal, accounting and other fees and expenses related to the Offering. In addition, although the Company currently intends to sell the Shares through its officers and directors, who will not receive any additional compensation for their efforts, the Company reserves the right to hire a placement agent. Any such placement agent will be a registered broker or dealer who is a member of the FINRA, and may receive commissions of up to ten percent (10%) of the gross amount of the Shares sold (such percentage to be determined in the Company's discretion), in which case the gross proceeds to the Company will be diminished by up to an additional 10%. The amount of any such commissions, and the reduction in proceeds available to the Company, will not be taken into account in determining whether the minimum number of 80,000 Shares for gross proceeds of \$22,400 required to close the Offering have been sold. The table below sets forth the use of proceeds for both the minimum and maximum offering amounts assuming no placement agent and based upon the Company's current estimate of the Offering expenses and its operational needs.

## SOURCES

### Use of Proceeds

	<u>Minimum Amount</u>	<u>Percent of Proceeds (%)</u>	<u>Maximum Amount</u>	<u>Percent of Proceeds (%)</u>
Gross Proceeds <sup>1</sup>	\$22,400	100.00%	\$1,000,000	100.00%
<b>USES</b>				
	<u>Minimum Amount</u>	<u>Percent of Gross Proceeds (%)</u>	<u>Maximum Amount</u>	<u>Percent of Gross Proceeds (%)</u>
<b>Offering Expenses</b>				
Legal	\$10,000	44.64%	\$25,000	2.50%
Marketing <sup>1</sup>	\$2,000	8.93%	\$150,000	15.00%
Other <sup>3</sup>	\$300	1.34%	\$18,000	1.80%
Total Expenses	\$12,300	55%	\$193,000	19.30%
Net Proceeds	\$10,100	45%	\$807,000	80.70%
	<u>Percent of Net Proceeds (%)</u>		<u>Percent of Net Proceeds (%)</u>	
<b>Operational Uses</b>				
Marketing	\$700	6.93%	\$148,721	18.43%
IT Infrastructure	\$3,900	38.61%	\$350,600	43.44%
Equipment & Licenses	\$185	1.83%	\$8,259	1.02%
Professional Services	\$215	2.13%	\$9,598	1.19%
Travel & Entertainment	\$560	5.54%	\$25,000	3.10%
Office/Utilities	\$125	1.24%	\$5,580	0.69%
Wages & benefits	\$4,015	39.75%	\$179,241	22.21%
Contingency <sup>2</sup>	\$400	3.96%	\$80,000	9.91%
Total Operational Uses of Net Proceeds	\$10,100	100%	\$807,000	100.00%

<sup>1</sup> The Company initially expects to (but is not obligated to) spend up to \$2,000 to market the Offering. After the initial closing of the Offering, depending on the success of the marketing efforts, the Company reserves the right to spend \$148,000 marketing the Offering. The total marketing spending for the Offering is not expected to exceed \$150,000.

<sup>2</sup> Contingency represents a reserve of funds that management may use at its discretion to pay for operational or offering expenses that exceed management's current estimates for such expenses or that are otherwise not captured by the categories above. Assuming this Offering represents a Qualified Financing for purposes of the Company's Convertible Notes (see "Capitalization & Indebtedness" Indebtedness "Convertible Notes" located elsewhere in this Offering Memorandum), the Company reserves the right to use the Contingency funds to repurchase the Convertible Notes in accordance with their terms such that they do not automatically convert into Shares in this Offering. If the Company raises the minimum amount of \$22,400 in the Offering, we currently expect this amount

to last for not more than two (2) months of operations; if we raise the maximum amount of \$999,880, we currently expect it to last us for not more than a total of twelve (12) months of operations.

<sup>1</sup> Includes Escrow Service Fees